Preserve. 11-36.

App. F. IX-4

1938-4

File No. ~~2-33~~ 98, 168, 211

(~~2 M~~)

C-S

Serial Nos. ~~2, 98, 168~~ 211

Previous References

I. m. Dep no 18-32
" 17-50 (1-4)
1-6)

Ltr. 11-36 (98, 168, 211)

Letter References.

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Three.

Part B for January

SUBJECT.

Issue of short term loans by the Land Mortgage Bank

WD 0418—GPB—22,500—29-8-36

Grant of Short term loans to members of the Bank who have taken Long Term Loans.

General and Revenue Secretariat

LM File No. 21 of 1933.

[App. F. III—2

Serial No.

1) The question is remitted as per orders of the First Member in the L. R. file regarding the Report of the Salaried Depression enquiry Committee.

2) The Board of Directors of the Bank were not agreeable to the proposal when it was made in 1931, vide L.M. file 17:30-4

CB 11/4-33) Sec.)

Sec 11/4

4) The Registrar may again be consulted.

First Members

5) Yes. It may also be consulted

MW. 28-4. Sec 28/4

Sec 2/5

6) Draft put up.

CB 1/5/34

7) Done Sec 4/5

To. The Registrar of Co. Societies

No. D. 5016 of 10.5

Request to further opinion in the matter to enable the 1st Member of Council to discuss the subject

NOTE—Contn. Sheet.

L. N. File No. 21 of 1933. | General and Revenue Secretariat.

4

Forwd. the Registrar of CS
No 1063 dy 15/8/35

States that the Bank cannot undertake to finance primary Societies for the grant of short term loans & suggests that issue of such loans by individual Societies having surplus share capital may be permitted under proper restrictions & supervision, and forwards his own view that the Central L.M. Bank might attract deposits & finance the primary societies for short-term loans.

2) The Registrar's opinion that in view of the provisions of the new Regulation the agriculturists cannot be enable to raise loans on their property to meet urgent demands, and that the L.M. Bank itself should undertake to finance Societies for this purpose seems to give the proper solution of the problem. However, as the L.M. Bank is unwilling to take up the burden, it - for Consideration if the President may be addressed to furnish his views of the Registrar proposals Draft sent. Please see orders of the Members on the reverse

No. 15/8 KB 17-8-

3) In view of the unwillingness of the Land Mortgage Bank to undertake the task, it is not possible to do anything in the matter.

Secy 19/8/35

OFFICE OF THE FIRST MEMBER, BOARD OF REVENUE 1678

19 AUG. 1935 1229

(Gen. Secy.)
10) I Mr Cox

11) I want to discuss this with the Registrar again

ITM 31/8

ITM 4/9

12) Straight Secy 4/9/35

143 / 3928

General and Revenue Secretariat.

Land File No. 24 of 1933

[App. F. III-2

Please see
Send this to
the P.A. to Vst
Member after issue

P.A to the I Member
We
KD
9.9.35

TYPING SE... SEP 1935 GEN...

2157
17/9

Secy Bd Trade
17/9

GEN. & REV. SECRETARIAT
19/9
DEVELOPMENT BRANCH

Secy A
26/11/35
19/12

13) Draft D.O. subd
KD
4/9

14) Issue
Secy
5/9/35

Issued No D 1585 dated 7-9-35

15) Rly said he would place the matter before the ensuing Coop Conf — & further report as to the conf may be awaited
Sec
17/9
15/9
Secy

16) Draft D.O. reminder & subd/withdrawn
KD
22/11/35

17) Issue
Secy
22/11/35

Issued No D 3405 dated 26/11/35

18) Another draft D.O reminder subd
Secy
6/12

19) Issue
Secy
6/12/35

D.O. No. D. 485 T dt 11. 2. 36

1936 1 5 Letter No 4903 dated the 21st Feb 1936 from the Registrar Co-op forwarding the resolutions of the Provincial Conference held last

20) Submitted with reference to Paras 11 & 15 above. The Provincial Conference is in favour of the grant of short term loans by L.M. Societies subject to certain conditions
KD
3/3/36
98

NOTE—Contn. Sheet.

Ote issue, which leaves out the Land mortgage Bank

Law File No. 2 of 1933.

General and Revenue Secretariat

1
5/6/29

21) Whether the question may not be deferred till the receipt of the report of the Committee on Co-operation is a point for orders.

Gen. Secy)

22) The Govt. may perhaps get this considered by the Committee -

Seed Member)

Secy 5/3/36

Govt 6/3

Secy

23) Note 12/3/36

Govt 13/3

24) Draft

Secy 12/3/36

25) Draft submitted for approval

Govt 16/3

Note 12/3/36

26) Issue Secy 16/3/36

To Registrar Co-op. Societies.

No D.5717 dt 19.3.36

Sir,

I am directed to state that the question whether the consideration of the question of the grant of loans to Co-operative Societies should be deferred pending the receipt of the report of the Committee on Co-operation is a point for orders.

2. I am accordingly to request that the matter may be placed before the Committee on Co-operation.

I have the honour to be,
Sir,
Your most obedient servant,
Secretary to Government.

No D. 5718 dt 19.3.36

Letter No 6929 dated 22-2-36 from the Registrar requesting orders on the question of the issue of three lakh loans by the Z.M. Bank

27) A recommendation has been made by the Registrar in the letter

Govt B Note 16/3/36

Secy

GENERAL SECRETARIAT
4 MAR 1936
24

DEPUTY TO THE SECOND MEMBER OF COUNCIL
11 MAR 1936
No. 6972

Govt No 6631

3928/35 ✓ 4629/36

Serial No.

The Committee on Cooperation state that it is not unreasonable that when a L.M Bank lends money on the security of lands it should also provide a small margin for working expenses in the shape of a floating advance which will be a first charge on each year's crop. An extract of the opinion of the Registrar in the matter is placed below for perusal. This question has been under consideration since the year 1930 and there have been representations in the A.P. for the grant of short term loans by L.M Societies. To facilitate the framing of order on the question the position ~~of the question~~ has been summarised as noted below from the year 1930.

Flag X

28) According to the existing bylaws of the L.M Boards the minimum amount of loan repayable by the ~~Board~~ L.M. Society is Rs 500 and in the case of Central L.M. Bank is Rs 1000/- repayable in annual instalments of not less than 25 and not more than 30 as may be fixed by the Board

29) The question of granting short term loans by the L.M institutions came up before the

NOTES—First Sheet

3928/35 ✓ 4629/36

File No. of 193 General and Revenue Secretariat

in the year 1930 when the Dy. Registrar in charge of the L.M. Banks' forwarded a note on the subject. ~~But the question was deferred~~ wherein he suggested that short term loans may be limited to 10% of the long term loans subject to a maximum of Rs 250/- in any individual case etc the period of loans being fixed for three months to twelve months. But the question was deferred for the time being on a recommendation from the Registrar who after discussing with the Bijapur Bankers stated that it was considered that although there might be some conflict with the work of the ordinary Credit Societies if short term loans are granted by the L.M. Banks, the question may be kept as an open one and that the L.M. Banks may for the present be instructed not to issue any short term loans ~~for~~ any deposits".

Mag K

Last page of the note

Mag L

30) The question came up before Govt again in connection with the recommendation of the National Economic Retrenchment Enquiry Committee, who considered that a change in the policy in this respect was very desirable especially at the present juncture, as the need for short term loans was very urgent in the mofussil. The views of the Registrar were called, the reporter in his letter dated 15/8/35 stated the L.M. Societies should help the agriculturist with short term loans also and the Central L.M. Bank should

Mag M

Mag N

3925/35 ✓ 4629/36

Issue of short term loans by L.M. Banks

General and Revenue Secretariat | LM File No. 21 of 1933. | [App. F. III—2

Serial No.

finances the L.M. Societies with necessary capital by accepting deposits. The views of the Provincial Conference were called for. They were of opinion that L.M. Institutions should undertake the business of short term loans provided that the amount of loans to be granted to any individual member does not exceed Rs 250/- etc. The question was again referred to the Committee on Co-operation for their views and their recommendations are contained in Para 136-138 of their report. The Committee favour the grant of the short term loans. The views of the Registrar are contained in the extract placed below. Submitted for orders.

Hof C

Hof X

20/3/37 731 This question is under consideration since 1930 and has been threshed out from all points of view. The committee have carefully considered all the material available to them and recommended that ~~where a land mortgage bank~~ the Land Mortgage Bank should grant short term loans to its members who have already taken long-term

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Issue of short term loans by the L. M. Bank

File No. / of 193 | General and Revenue Secretariat

Serial No.

loans for the relief of rural indebtedness
The bye-law is there already; only
the Bank has to be asked to give
effect to it. The committee do not
anticipate any difficulty regarding
finance (vide para 2 page 138)
At present, the indebted members of
the L. M. Bank seem to be experiencing
considerable difficulty in raising
loans for current agricultural
purposes

SECTT.
No. 6661
19 1937
765

Gen Secy
25.3.37

32) The recommendation of the Co-Op. Committee
may be accepted.
Second M^r)

26/3/37
26.3.37

33) The Registrar may consult the Provincial Urban Bank
if he does not agree to after the issue
of the committee's report

29/3/37

29/3
30.3.37

Issue of short term loans by L.M. Banks

General and Revenue Secretariat — File No. 71 of 1936 — [App. F. III—2.

Serial No.

32) Draft Circ for approval
Sd/
31/3/37
Mra

37) Issued
by
31.10.37

98 To- The Registrar of C.S. D 6505 3-4-37
Requests to consult the President of L.M. Bank re: the issue of short term loans, & to communicate the his opinion, together with his remarks.

9 APR. 1937
DEVELOPMENT BRANCH

Reminder issued D.O. No 65 dated 2-7-37
Letter No 378 dated 17-7-37 from the Registrar C.S. stating that a report will be sent after the receipt of a reply from the President
No reply having yet been received a reminder is being prepared
Sd/
16/9/37
Mra

37) Issued
by
17.9.37
Memo No D 2413 dated 21-9-37

D.O. Letter No 195 dated the 23rd Sept 1937 from the Registrar C.S. forwarding a set of draft rules adopted by the Boards with his remarks thereon
32) Submitted for perusal. The acceptance or otherwise of the suggestions of the Registrar by the

NOTE—Contn Sheet.

WD 03594—GPB—30,000—18-7-35

Issue of short term loans by L.M. Banks

3(2)/1729

b/f File No. 11 of 1936 — General and Revenue Secretariat

Bank will be awaited.

1) 25/9/37 — 2) Secy A.S.G. — 3) 28.9.37

4) 30/9/37 — 5) 30.9.37

6) No further communication having been received so far a draft reminder is submitted for approval

7) 22/11/37

Issued No D 3934 dated 25/11/37

Letter No 442 dated the 27th Nov 1937 from the Registrar Co-operative Societies stating that the rules for the grant of short term loans as modified by him have been accepted by the Bank and forwarding a copy of the rules as finally adopted by them

8) It is submitted that according to Byelaw No 40(43) of the Byelaws of the Central L.M. Banks loans for the improvement of lands or for their better cultivation of it and for current agricultural operations. The byelaws of the L.M. Societies also contain a provision for the same purpose. (There is a provision already for the grant of

The Registrar has now forwarded a set of rules

Block VIII

7 OCT. 1937

GEN. & REVENUE SECRETARIAT

6 OCT. 1937

DEVELOPMENT BRANCH

Secs A

Issue of short term loans by L.M. Banks

1729 J 28 8

General and Revenue Secretariat — File No. 11 of 1936. [App. F. III—2

Serial No.

for the grant of short term loans by the Bank
The rules framed by the Bank seem to be generally
alright. But it seems desirable to define exactly the
amount of loan a member is entitled to (Rule 3)
and this could be made clear by the addition of
the words "whichever is less" at the end of the
rule. Though provision is made for interest at
8% and 9% as the maximum rate it is better
to charge interest at the existing rate at which loans
have now been sanctioned. As the amount of loans
it is suggested that Rs 30 is fixed as the minimum
and Rs 500/- as the maximum. This will be
1/10 of the long term loans which the L.M. Societies
may grant. The rules with the addition
made in Rule 3 may perhaps be adopted. Subject
to 20/11/37
(a) the following textual additions may also
be made in Rule 8. for clarification.
a) After the words "repaid in full with interest",
the words "not later than" may be added.
b) Between the words 'Such other' and 'date',
the word 'earlier' may be added.
(c) The short loans should at worst, be
last instalment of the
co terminate with the long term loans.

L.S.G. (Reg.)

(d) The rules are submitted only from

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-3-37

information after. Pres. can send them unadopted to the Bank and approved by him for an undertaking as it appears and to make alterations now, or is it even necessary or desirable?

GV
2123

(47) It is submitted that the L.M. Bank can since their loans under bylaws 40 & 43 they did not go to precisely. The question was taken up by them at the instance of Govt which they were prior opposed to the scheme. Though Govt may not interfere with the powers of the Bank, it does not seem to preclude them from suggesting to the Bank any proposed or amendment to bylaws or rules framed by the Bank which are not contrary to the original. As Govt have a sufficiently lower interest in the affairs of the institution and the Bank is morally bound to accept the suggestions of Govt which are not contrary but are supplemental to their own decisions. In the present case the amendments suggested are not in any way contrary to the rules framed by the Bank but they only clarify the rules. In this view it does not seem undesirable to suggest to the

28 B.

Grant of short term loan by R.M. Bank

General and Revenue Secretariat — File No. 11 of 1936 — [App. F. III—2

Serial No.

Bank the adoption of the amendments refs to above which only make the rules clear and are not contrary to the original rule Subs with a draft letter to the Registrar for circulation

10/12/37 (AS) Secy & S.G. } 17/12

(AS) Please type and by order the rule as it stands, and the rule as proposed to be amended for reference to Members

15/12/37 17/12

Submitted with a typed copy of the rules as at present and as proposed. 17/12

17/12/37 Secy & S.G.)

20/12 20/12

Draft letter placing & book up is sent Draft circulated for orders of Board whether it may issue 21/12

21/12/37 Secy & S.G.)

For orders whether the amendments may be suggested as proposed

28/12/37 28/12

11 Members)

28 DEC. 1937 No. 4681

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-9-37

Grant of short term loans by L.M. Banks

L.C

1.J File No. 11 of 193 6 | General and Revenue Secretariat

No further action is required at present the papers may be removed

Mel
1/1/38.

3/1/38

3/1/38

Sec C
1
VK
31/35

J
71

L.M. 2f-33-1391C

REV. SECTT. PARLT.

9 APR 1934

DEVELOPMENT BRANCH

Recommendations of the Committee	Further action taken	Final Orders.
2. The Committee consider that a change in the policy of the Land Mortgage Bank not giving short term loans to the members who have taken long term loans is very desirable, especially at the present juncture as the need for short term loans is very urgent in the Malnad.	The matter has been considered and and Government have felt that there are some difficulties. The consideration of the question has been deferred for the present. Refer L.M. 17-30.4 (S) L M Dep 18-32 (D)	✓ The matter is under th consideration of the - Government. Initd. S A W ✓ (Let this question be resubmitted to me from Development Secretariat. Initd. K.M.

Recommendations of the Committee	Further action taken	Final Orders.
2. The Committee consider that a change in the policy of the Land Mortgage Bank not giving short term loans to the members who have taken long term loans is very desirable, especially at the present juncture as the need for short term loans is very urgent in the Malnad.	The matter has been considered and and Government have felt that there are some difficulties. The consideration of the question has been deferred for the present.	The matter is under th consideration of the - Government. (Let this question be resubmitted to me from Development Secretariat.

Appendix F G—1]

SUBJECT .....

.....

.....

Section 2M.

File No. 21-33

Serial No. 2

No. D 5210

Diary No. of letter replied to .....

To The Registrar of Co-operative Societies, Bangalore.

General and Revenue Secretariat

( )

the 193 .

Date of issue 10/9/34 D

Signed by JM for S.M.

Sir,

In invite reference to para 2 of your letter No 3536/CS dated the 27th Dec 1932, re the grant of short term loans by the Land Mortgage Bank I am directed to request you to furnish your further opinion, if any, in the matter

I am also to state that the first Member of Council would be

List of enclosures .....

Copied by .....

Examined by .....

glad to discuss the
subject with you at
his Chambers in the
Public offices buildings
on any working day.

Thanking you

Yours &c

CHC 4/5

J. Devlin

C.B.

copied by
B Hanks
5/5/24

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 5th May 1934.

No. D 5410/Lm 21-33-1 To

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

Sir,

In inviting reference to para 2 of your letter No.3596/C.S. dated the 27th December 1932, regarding the grant of short term loans by the Land Mortgage Bank, I am directed to request you to furnish your further opinion, if any, in the matter.

I am also to state that the First Member of Council would be glad to discuss the subject with you at his chambers in the Public Office buildings on any working day.

I have the honor to be,

Sir,

Your most obedient servant,

(Drafted) C/Mo

for Secretary to Government,
Development Department.

B.K.M.2

L.M. 21-33-3

GOVERNMENT OF MYSORE.

No. 1625 C.S.

DEPARTMENT OF CO-OPERATION.

Telegraphic Address:- "CO-OPERT" BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore, 28th August 1934.

From

GULAM MOHADIN MEHRRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore

Sir,

Subject: Grant of short-term loans by the Land Mortgage Bank & the primary Land Mortgage Societies.

With reference to your letter No.D.684/L.M.21-31 dated 30th July 1934 on the above subject, I have the honour to state that my report on the question will be submitted after ascertaining the views of the Board of Directors of the Land Mortgage Bank.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

Subject for formal. The Report of the Board will be awaited for a month

L.S. 27/8

30/8

31/8/34

DEVELOPMENT BRANCH.

L.Dn.21-33-4

743

GOVERNMENT OF MYSORE.

No. 1063 C.S.

Telegraphic Address: CO-OPERT BANGALORE

15 AUG 1935

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore, 15th August 1935.

From

GULAM MOHADIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

GENERAL SECRETARIAT 15 AUG. 1935 C.S.

To

H.V.Ramaswami, Esq., M.A., B.L.,
Secretary to the Government of Mysore,
General Department, Bangalore.

Sir,

Grant of Short term loans by Land Mortgage Institutions.

With reference to your letter No.D.5410/L.M.21--33-2 dated 5th/10th May 1934 calling for my further opinion in the matter of the grant of short term loans by the Land Mortgage Bank and primary Land Mortgage Societies, I have the honour to state that a reference having been made to the Land Mortgage Bank to express their view on the question they have replied to the effect that the Bank cannot undertake to finance primary societies for the grant of short term loans and that as most of these societies have not got sufficient share capital from which they can advance these loans, it will not be possible for them to take up the function. They however suggest that in individual cases wherein any society has got at its disposal sufficient amount of surplus share capital and its management is in the hands of persons who could be trusted with this additional responsibility, the issue of these loans might be permitted under proper restrictions and supervision.

With regard to my own views in the matter, I beg to state that the Land Mortgage Bank and the societies at present issue loans usually for redemption of prior debts and sometimes though rarely for permanent improvement of lands. In issuing such loans, the societies will generally have obtained in mortgage almost all the properties belonging to the borrowers. The borrower who would want short loans for cultivation or other productive purposes would, unless the Bank finances him for such purposes also, have to resort to other creditors. In my opinion, as also I believe in the opinion of some experts in the matter, it is never desirable that a person who has borrowed from the Land Mortgage Bank should be indebted elsewhere also, as the latter loans being generally more onerous, the borrower -

P.T.O.

borrower would be more eager to discharge them, and his repaying capacity to the Land Mortgage Bank or the Society would thereby be affected, and defaults invited this way. And it is further very doubtful that he would be able to raise moneys elsewhere considering that all his properties will have been secured to the Land Mortgage institution in respect of the long term loan and that the Land Mortgage Bank will also have, according to the new Regulation a lien on the yearly crops. I fear that even an ordinary Co-operative Society cannot lend to him under such circumstances. Unless the Land Mortgage Societies furnish him this necessary capital also he will be helpless.

The primary Land Mortgage Societies will have little of share capital beyond what they have to hold in the Central Land Mortgage Bank, and any small surplus, it is necessary, should be maintained in a fluid form to adjust prompt payments of loan instalments to the Bank. It is not desirable to allow these primary Land Mortgage Societies to raise money by accepting deposits, nor is it expected that they can command sufficient confidence of the public to attract deposits on terms which are not disadvantageous to them. The Central Land Mortgage Bank however is in a far better position to get money by way of deposits and finance the primary societies for short term loans which may be for productive purposes only. I therefore think that the Central Land Mortgage Bank should take up this work.

A copy of the letter No.S.I.339 dated 26th March 1935 together with a copy of the Board's resolution on the subject are, herewith, enclosed for information.

I have the honour to be,
Sir,
Your most obedient servant,

W. S. [illegible]
Registrar. 14/5

L.S.12/8.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.S.I.339 dated 26th March 1935 from the President, Land Mortgage Bank,Ltd.,Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

****

Subject:- Grant of short term loans by Land Mortgage Institutions.

In continuation of my letter No.S.I.219 dated 29th November 1934 addressed to you on the above subject, I have the honour to forward herewith a summary of the opinions expressed by the Primary Land Mortgage Societies on the subject. The matter was considered at the meeting of the Board of Directors of the Bank held on the 17th instant. A copy of the resolution of the Board is, herewith, forwarded. As the Bank cannot undertake to finance primary societies for this purpose and as most of these societies have not got sufficient share capital from which they can advance these loans, it will not be possible for them to take up the function. In individual cases, however, wherein any society has got at its disposal, sufficient amount of share capital for the purpose and its management is in the hands of persons whom you consider safe to be trusted with this additional responsibility, the grant of these loans under such restrictions as you consider suitable may be tried if you think fit to do so.

****

Resolution No.6 recorded at the meeting of the Board of Directors of the Mysore Co-operative Land Mortgage Bank,Ltd.,held on 17th March 1935.

6. Subject:- Letter No.1624/C.S.dated 28th August 1934 from the Registrar of Co-operative Societies requesting the opinion of Board in the matter of the grant of Short Term loans by the Bank and Land Mortgage Societies.

After perusal of the replies received from the Land Mortgage Societies on the subject, the Board was of opinion that the Registrar may, at his discretion, authorise particular societies to grant such loans out of their surplus share capital if they wish to do so and that the Bank cannot finance the societies for the purpose. The Board was not in favour of permitting the Land Mortgage Societies to receive deposits from the public for the grant of such loans.

x x x x x x

****

"Copies"

Registrar.

L.S.12/8.

G. R. S. App. F VI—G 2]

SUBJECT .....

.....

.....

Diary. No of letter replied to .....

General and Revenue Secretariat

( )

the *193* .

Date of issue..... 193 .

Signed by .....

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

Section L. M

File No. 21-33

Serial No.

Proceedings of the Government of His Highness the Maharaja of Mysore.

D. 1535 dy 7. 9. 35

~~Read~~ Dear Sir,

I am desired to invite refce to the Correspondence ending with your letter No 10636 dy 15. 8. 35 on the subject of the Grant of Short term Loans by L. M. Institutions and ~~Order thereon~~ No. to request you to be so good as to discuss the matter with the Sr Member of Council at his Chambers as soon as convenient.

Yours sincerely

Sec 5/9/35

Gulam Mohamed Mehdi Esq BOLLS
Registrar of Co-operative Societies

No. 4903 C.S. GOVERNMENT OF MYSORE 3928 25/2-36

DEPARTMENT OF CO-OPERATION.

Telegraphic Address: "CO-OPERT" BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore, 24 February *193* 6

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co operative Societies in Mysore,
Bangalore.

To

M.Venkatesa Iyengar,Esq.,M.A.,
General Secretary to the Government
of Mysore, B a n g a l o r e.

Sir,

743 L.A 21/4 With reference to your D.O.No.D.3454/L.M.21-33-R. dated L.M 21-33-5 26th November 1935,I have the honour to forward,herewith, a copy of the resolution passed at the last Provincial Co-operative Conference on the subject of the grant of short-term loans by Land Mortgage Institutions and to state that I have given my opinion in my letter No.1063 dated 15th August 1935 to which kind reference is invited.

I have the honour to be,
Sir,
Your most obedient servant,

G. S. Mehkri
Registrar.

L.S.19/2.

Resolution passed at the Mysore Provincial Co-operative Conference.

Resolution No.XVI.

"That this Conference considers it necessary that Co-operative Land Mortgage Institutions should undertake the business of granting short term loans for better cultivation of land or for current agricultural operations; provided that the amount of loans to be granted to any one individual member does not exceed Rs.250/- and that no such loans are granted except to a member who has been previously granted a long term loan for the redemption of prior debts on the mortgage of his agricultural land whose mortgage is subsisting".

" Copy "

L.S. Registrar.

Appendix F G—1]

SUBJECT.....

.....

.....

Diary No. of letter replied to..... .....

General and Revenue Secretariat

( )

the *193* .

Date of issue..... .....

Signed by .....

List of enclosures.....

Copied by 17/3

Examined by..... .....

Section LM

File No. 21-33

Serial No. 6

No. D. 5717

To

The Registrar Co.

Sir

Adverting to the Correspondence ending with your letter No 4903/Co. dated the 24th Feb 1936 in the matter of the grant of short term loans by the Land mortgage Banks and Societies. I am directed to request you to kindly get this question considered by the Committee on Co-operation recently Constituted by Govt

I have etc

D 5718 D. 19/3/36 16/3/36 Registrar

Memo

Copy of the above is forwarded with compliments to the Secretary

WD 03601—GPB—30,000—23-9-35

to the Committee on Cooperation

for information

B. O

Secy

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. R 5717

Bangalore, Dated 19th March 1936.

From

The *General Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Registrar
of Co-operative Societies in Mysore,
B a n g a l o r e.

Sir,

Adverting to the correspondence ending with your letter No.4903/C.S. dated the 24th February 1936 in the matter of the grant of short term loans by the Land Mortgage Banks and Societies, I am directed to request you to kindly get this question considered by the Committee on Co-operation recently constituted.

I have the honor to be,

Sir,

Your most obedient servant

Sd/- M.Venkatesa Iyengar.

For General Secretary to Gov

P.T.O.

Memo No D. 5718 S - 19.3.36.

Copy of the foregoing is forwarded with compliments to the Secretary to the Committee on Co-operation for information.

By Order,

For General Secretary to Govt.

GOVERNMENT OF MYSORE 4629

No. 6929 C.S.

DEPARTMENT OF CO-OPERATION.

Telegraphic Address: "CO-OPERT" BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore 22nd February 1937.

From

GHULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

GENERAL SECRETARIAT 22 FEB. 1937

REVENUE SECRETARIAT 23 FEB. 1937

DEVELOPMENT BOARD.

To

M.Venkatesa Iyengar, Esq., M.A.,
General Secretary to the Government
of Mysore, B a n g a l o r e.

Sir,

I have the honour to invite kind reference to my letter No.1603 dated 15th August 1935 re: the issue of short-term loans by the Land Mortgage Bank in certain cases and to state that the Co-operative Committee have also made the same recommendation. I request that Government may be pleased to pass necessary orders on the subject.

I have the honour to be,
Sir,
Your most obedient servant,

G. S. [illegible]
Registrar.

L.S.19/2.

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

D 6505 | C.S. 11-36-98

3-4-37
(Sd) M. K. Subba Rao

The Registrar C.S.

Sir-

With reference to the correspondence ending with your letter No 6929 dated 22/2/37 re the issue of short term loans by the L. M. Bank, I am directed to request you to kindly consult the President of the L.M. Bank, if you have not done so after the recommendations of the Report of the Committee on Co-operation, on the question of the issue of short term loans and forward his opinion together with your own remarks, if any.

I have etc

Sd/- D. V. J. Sastry
11/4

~~I am~~ The opinion of the President may be communicated to me with your own remarks, if any

WD 03503—GPB—15,000—8-7-35

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 1st April 1937.
3rd

No. D 6505/C-S. 11-36-98

From

The *General Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Registrar
of Co-operative Societies in Mysore, Bangalore.

Sir,

With reference to the correspondence ending with your letter No. 6929 dated 22nd February 1937 regarding the issue of short term loans by the Land Mortgage Bank, I am directed to request you to kindly consult the President of the Land Mortgage Bank, if you have not done so after the issue of the report of the Committee on Co-operation.

The opinion of the President may be communicated to Government with your own remarks, if any.

I have the honor to be,
Sir,
Your most obedient servant,

For General Secretary to Govern-nt

4629 5 362

GOVERNMENT OF MYSORE

No 378 C.S.

DEPARTMENT OF CO-OPERATION.

19 JULY 1937

Telegraphic Address: "CO-OPERT" BANGALORE

OFFICE OF THE REGISTRAR OF [redacted] SOCIETIES IN MYSORE,

C.S 11-36

Dated, Bangalore 17th July 1937.

From M.Abdul Hukh,Esq.,B.A.,
[redacted]
Registrar of Co-operative Societies in Mysore, Bangalore.

To M.Venkatesa Iyengar,Esq.,M.A.,
General Secretary to the Government
of Mysore,Ba n g a l o r e.

GENERAL SECRETARY 17 JULY 1937

Sir,

With reference to your letter No.D.6505/C.S.dated 11-36-98 dated 3rd April 1937 and reminder thereto No.D.65/C.S.11-36-R. dated 2nd July 1937 re: the issue of short term loans by Land Mortgage Banks, I have the honour to state that the Central Co-operative Land Mortgage Bank is in consultation with its constituent primary Land Mortgage Societies and that a decision has not yet been reached. On receipt of a reply from the President in the matter a report will be submitted to Government.

Subs for personal. The reply of the rebels will be awaited

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

21/7/37
Dy.S.16/7.

GOVERNMENT OF MYSORE.

25 SEP. 1937

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 195 Enc 2

Dated Bangalore, 23rd Septr. *1937.*

C. S 11-36—168

Dear Sir,

With reference to your D.O.No.D.2413/C.S.11-36-R dated 21st September 1937 in the matter of the issue of short term loans by Land-Mortgage Banks, I write to inform you that the Bank has agreed to introduce the grant of short-term loans in the land-mortgage societies and necessary rules have also been framed and passed by the Board of Directors of the Central Land Mortgage Bank in their meeting held on 5th September 37. The rules have been forwarded to me for my opinion in the matter. I have replied to the Bank accepting the rules with suggestions for slight modification and I expect that this will come into effect early. A copy of the rules received from the Bank is submitted herewith for perusal of Government along with my suggestions for modification.

Yours Sincerely,

Registrar

P.H.Krishna Rao, Esq., M.A.,
Secretary to Government, L.S.G. Department,
Bangalore.

THE MYSORE CENTRAL CO-OPERATIVE LAND MORTGAGE BANK LTD., BANGALORE CITY.

Draft Rules governing the grant of short term loans by the Bank.

--:ooOoo:--

1. Short term loans for periods not exceeding one year may be granted by the Societies to their members for the better cultivation of land or for current agricultural operations (Bye-law 43). In exceptional cases, where a crop (like sugar cane) requires more than a year to mature, the period may be extended to 18 months.

2. (a) No short loan shall be granted by a Society except to a member (1) who has been previously granted a long term loan and whose mortgage is subsisting (Proviso to Bye-law 43) and (2) who has been punctual and regular in the payment of his annual instalments due from him.

(b) The Societies may also grant short term loans on the same condition to the members of the Bank who have been granted long term loans - direct, and in respect of whose loans the Societies have been appointed as agents of the Bank.

3. The minimum and maximum amount of short term loans to be granted to any one person shall be Rs.50/- and Rs.500/- respectively; and the amount of loan sanctioned shall not exceed in any case 10 per cent of the long term loan sanctioned to him or half the estimated value of the crop for the year.

4. The funds required by the Societies for the grant of short loans will be met out of their share capital supplemented by such amounts as the Central Bank may be able to advance to them out of its share capital with due regard to their finances. The Bank will not however make an advance for the purpose to any Society which is not regular and punctual in the payment of the instalments due by it to the Bank.

5. The rate of interest on amounts advanced by the Bank to the Societies for grant of short term loans shall not exceed 8 per cent and that charged on the short term loans by the Societies to their members shall not exceed nine per cent. For the present and until further instructions the advances made by the Central Bank to the Societies for grant of short term loans will carry interest at 7½ per cent.

6. The security for the short term loan shall be the crop and produce of all the lands of the applicant including the immovable property mortgaged by him for the long term loan.

7. The sanctioned amount of the loan may be disbursed in full or in instalments, as may be required by the applicant and as may be decided by the Society in each case. Interest shall be payable by the borrower on the actual amount of the loan outstanding against him at any time.

8. The loan shall be repaid in full with interest on the date on which the instalment in respect of the long term loan is due or on such other date as may be prescribed by the Society with due regard to the circumstances of each case.

9. If the short term loan is not repaid in full on the due date, penal interest at 10 per cent shall be charged on the loan from the date of default.

10. Payments made by a member shall be credited in the following order:-

(1) Penal interest on short term loan and other miscellaneous charges if any;
(2) Ordinary interest on short term loan;
(3) Principal of short term loan;
(4) Penal interest and other miscellaneous charges, if any, on instalments overdue in respect of long term loan;
(5) Ordinary interest included in the instalment in respect of long term loan;
(6) Principal included in the instalment in respect of long term loan.

11.

11. If within one month after it falls due, the short loan is not fully repaid with interest and overdue interest, the entire loan -- both long term and short term -- shall be liable to be recalled under Section 59 of the Mysore Co-operative Societies Regulation, and further action taken for recovery thereof as provided in the said regulation.

12. Applications for short term loans shall be made in the annexed form (No. I) and presented to the Secretary of the Society who after satisfying himself that it is in order, and in consultation with the President, shall refer it to one or two of its directors for investigation and report in the prescribed form (No. II) regarding the need for the loan, the amount required, whether the loan should be paid in a lump or in instalments and whether the applicant possesses the requisite capacity for repayment of the loan on the due date in addition to the instalment due from him in respect of his long term loan. On receipt of the Directors' report, the Committee of the Society shall scrutinise the application and the report and sanction or reject it on merits.

13. In cases in which the funds required for the grant of the short loan are to be obtained from the Central Bank, an application shall be made to the Bank in the accompanying form (No. III). The Bank, if satisfied that the application is in order in all respects, will remit the amount required by means of a cheque on the Bank of Mysore Ltd., if there is a branch of the Bank at the head-quarters of the Society, or a Remittance Transfer Receipt on the local treasury.

14. The Society shall be responsible to the Bank for the prompt payment on due dates of interest at the prescribed rate on the full amount advanced to it by the Bank -- whether such amount is actually utilised by it or not.

15. The Society shall take suitable measures to satisfy itself that the loan advanced by it is strictly and fully used for the purpose for which it was sanctioned. If the loan is not so used, the entire short loan shall be immediately recalled, and further action taken under rule 11 supra, if the short loan is not repaid by the applicant in full within a month after the receipt of notice recalling it.

17. A member, who once defaults to repay the short loan on the due date, shall not be eligible thereafter for any short loan.

17. A monthly statement showing all short term loans sanctioned by each Society and due from its members should be submitted to the Bank in the annexed form (No. IV).

=======

" Draft "

Secretary.

RR/25-8-1937).

(FORM NO: I.)

Application for Short term loan.

Place:
Date:

To

The Secretary,
..... Land Mortgage Co-operative Society Ltd.,
.....

Sir,

I am a member of the Society holding ..... shares in it and have paid Rs. ..... towards its share capital. I have taken a long term loan of Rs. ..... in the year ..... I have been punctual and regular in the payment of my annual instalments.

I request I may be granted a short term loan of Rs. ..... for (a) the better cultivation of my lands, or/and (b) for current agricultural operations. The exact details of purpose and amount required for each item are noted below:-

The loan may be paid to me in one lump on ....., or in instalments of ..... on .....

I offer, as security for the loan, the crops and produce of all my lands including those mortgaged for the long term loan, out of the proceeds of which crops and produce I agree to repay the loan with - interest on ....., and also the instalment in respect of the long term loan on the due date viz., ... If I fail to so discharge my liabilities on the due dates - either partly or fully - or if I do not use the short loan for the purpose for which it is sanctioned, both the long term and short term loans may be recovered from me according to rules.

I have read the rules/had the rules read over to me, and I have understood them, and I agree to abide by them.

Yours faithfully,

Witnesses:

1. .....
2. .....

Address:- { Signature.

This application is referred to Messrs: ....., members of the Committee, for investigation and report in the enclosed form.

Date: Secretary.

Our investigation report on this application is forwarded herewith for disposal.

.....
.....

Date: Investigating Committee members.

Committee's decision:

(FORM NO: II).

Confidential:

..... Land Mortgage Co-operative Society Ltd.

Investigation Report on short term loan application No: .....
of Mr. .....

---

1. NEED FOR THE LOAN:
Is the loan really needed for the purposes mentioned

mentioned in the application, and does he deserve the loan for the purpose? This question should be answered after inspecting the lands to see that the purposes - mentioned are true.

2. AMOUNT REQUIRED:

What is the amount required for each purpose? How much of it can be met by the applicant himself and what is the minimum that may be required for the purpose?

3. PAYMENT OR PAYMENTS - WHEN REQUIRED.

When will the amount be actually required? If you recommend the loan, should it be paid in a lump or in instalments? If in instalments, the amounts and dates when required may be mentioned.

4. REPAYING CAPACITY:

Does the applicant possess sufficient repaying capacity to meet both this loan and the long term loan on due dates? Please note after careful scrutiny his gross income from all sources (to be detailed) and his total expenditure (giving details) and minimum savings that may be expected.

5. RECOMMENDATION:

Do you recommend the loan being sanctioned? Please mention any other matter you consider necessary.

D-ate: .....) Investigators.
.....)

(FORM NO: III.)

Application for funds for Short term loans.

Place:
Date:

From

The Secretary,
The ..... Land Mortgage Co-operative Society Ltd.,
.....

To

The Secretary,
The Mysore Central Co-operative Land Mortgage Bank Ltd.,
Bangalore City.

Sir,

This Society holds .... shares in the Bank and has paid Rs. ..... towards its share capital. It is at present indebted to the Bank by way of Principal of long term loans sanctioned and disbursed to the - members of this Society to the extent of Rs. ..... The Society has been regular and punctual in the payment of instalments due by it to the - Bank in respect of the long term loans.

2. The Committee, after due enquiry and after satisfying themselves about the need for short loans and the repaying capacity of the borrowers, have resolved on ..... to sanction short loans to the extent of Rs. ..... as detailed below:-

Sl.No	Name of member	Amount of short loan applied for	Amount of short loan sanctioned	Date or dates of repayment	Remarks as to the dates on which - amounts are requir-ed by the Society.
		Rs.	Rs.		

Of the total amount sanctioned, a sum of Rs. ..... can be met by the Society out of its available share capital. The balance of Rs. ..... may be kindly advanced by the Bank, which the Society undertakes to repay with interest within a week after the date on - which the loans are due to be repaid by its members.

Yours faithfully,

Secretary.

(FORM NO: IV.)

..... Land Mortgage Co-operative Society Ltd., ...

Monthly statement of short term loans sanctioned by the Society and due from its members.

Sl.No.	Name of loan-holder.	Amount of loan sanctioned	Amount paid.	When due to be paid	Date of repay-ment.	Amount repaid.	Balance due.
		Rs.	Rs.			Rs.	Rs.

--:ooOoo:--

T.V.L./25-8-37.

No. 2586 C. S.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address
"CO-OPERT"
Bangalore

Dated Bangalore, 24 September *193* 7.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

The Secretary,
The Central Co-operative Land Mortgage
Bank,Ltd., Bangalore City.

Sir,

With reference to your letter No.S.I.111 dated 11th September 1937 forwarding a copy of the Rules relating to the grant of short-term loans by the Bank to the land-mortgage societies as approved by the Board of Directors of the Bank in their meeting held on the 5th instant, I have the honour to state that I approve of the rules - except Rule 11 making the long-loan also liable to be recalled in case of default of the payment of the short-term loan on the due date which is rather too drastic. The two loans are separate and have different causes of action and I think default with regard to the payment of the short-term loan should not ordinarily entail the recall of the long-term loan also in full. It may be reconsidered. If the penalty imposed in Rule 15 in case of ~~miscellaneous~~ his application of the short-loan should include the recall of the long-term loan also, I should think this would also require modification and consequently the condition in the application that both long-term and the short-term loans may be recovered if the applicant fails to discharge his liabilities on the due date, whether partly or fully or if the short loan is not used for the purpose for which it is sanctioned, may in my opinion be deleted. I would also suggest the addition of the following words in Rule 11 between the words 'falls due and the short loan' (line 1 page 2 of the typed sheet) 'and such default is not explained to the satisfaction of the Committee'. It is possible that crops may have to be kept over for a longer time than contemplated to wait for better prices. Under such circumstances, a -

P.T.O.

a reasonable extension of time will have to be granted for the repayment of the short-term loan. Hence the suggestion to add these words to the Rule.

I have the honour to be,
Sir,
Your most obedient servant,

(Sd) M. Abdul Haqkh.
Registrar.

L.S.23/9.

2587 es
24-4-37.

Copy:

Registrar of Co-operative Societies
in Mysore.

GOVERNMENT OF MYSORE

C-S11-36-211

29 NOV. 1937

M. ABDUL HUKH, Esq. B.A.

DEPARTMENT OF CO-OPERATION AND DEVELOPMENT

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 442

Dated Bangalore, 27th November 1937.

Dear Sir,

With reference to D.O.No.D.3934/C.S.11-36-R.dated 25th November 1937 enquiring whether the Draft Rules for the issue of Short-Term Loans by the Land Mortgage Banks have been finally adopted, I write to inform you that the modified Rules as suggested by me have been accepted by the Bank and the Rules are stated to be under issue. A copy of the Rules, as modified, is submitted herewith for information of Government.

Yours sincerely,

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local Self-Government Department,
Bangalore.

L.S.27/11.

THE MYSORE CENTRAL CO-OPERATIVE LAND MORTGAGE BANK LTD., BANGALORE CITY.

Rules governing the grant of short term loans by the Bank.

--:ooOoo:--

1. Short term loans for periods not exceeding one year may be granted by the Societies to their members for the better cultivation of land or for current agricultural operations (Bye-law 43). In exceptional cases, where a crop (like sugar cane) requires more than a year to mature, the period may be extended to 18 months.

2. (a) No short loan shall be granted by a Society except to a member (1) who has been previously granted a long term loan and whose mortgage is subsisting (Proviso to Bye-law 43) and (2) who has been punctual and regular in the payment of his annual instalments due from him.

(b) The Societies may also grant short term loans on the same condition to the members of the Bank who have been granted long term loans - direct, and in respect of whose loans the Societies have been appointed as agents of the Bank.

3. The minimum and maximum amount of short term loans to be granted to any one person shall be Rs.30/- and Rs.500/- respectively; and the amount of loan sanctioned shall not exceed in any case 10 per cent of the long term loan sanctioned to him or half the estimated value of the crop for the year.

4. The funds required by the Societies for the grant of short loans will be met out of their share capital supplemented by such amounts as the Central Bank may be able to advance to them out of its share capital with due regard to their finances. The Bank will not however make an advance for the purpose to any Society which is not regular and punctual in the payment of the instalments due by it to the Bank.

5. The rate of interest on amounts advanced by the Bank to the Societies for grant of short term loans shall not exceed 8 per cent and that charged on the short term loans by the Societies to their members shall not exceed nine per cent. For the present and until further instructions the advances made by the Central Bank to the Societies for grant of short term loans will carry interest at the same rate as that charged for long term loans.

6. The security for the short term loan shall be the crop and produce of all the lands of the applicant including the immovable property mortgaged by him for the long term loan.

7. The sanctioned amount of the loan may be disbursed in full or in instalments, as may be required by the applicant and as may be decided by the Society in each case. Interest shall be payable by the borrower on the actual amount of the loan outstanding against him at any time.

8. The loan shall be repaid in full with interest not later than the date on which the instalment in respect of the long term loan is due or on such other earlier date as may be prescribed by the Society with due regard to the circumstances of each case.

9. If the short term loan is not repaid in full on the due date, penal interest at ~~10~~ 9 per cent shall be charged on the loan from the date of default.

10. Payments made by a member shall be credited in the following order:-

(1) Penal interest on short term loan and other miscellaneous charges if any;
(2) Ordinary interest on short term loan;
(3) Principal of short term loan;
(4) Penal interest and other miscellaneous charges, if any, on instalments overdue in respect of long term loan;
(5) Ordinary interest included in the instalment in respect of long term loan;
(6) Principal included in the instalment in respect of long term loan.

11.

11. If, within one month after it falls due, the short loan is not fully repaid with interest and overdue interest, and such default is not explained to the satisfaction of the Committee, it shall be liable to be recalled, and necessary action taken for recovery thereof in accordance with the Mysore Co-operative Societies Regulation.

12. Applications for short term loans shall be made in the annexed form (No. I) and presented to the Secretary of the Society who after satisfying himself that it is in order, and in consultation with the President, shall refer it to one or two of its directors for investigation and report in the prescribed form (No. II) regarding the need for the loan, the amount required, whether the loan should be paid in a lump or in instalments and whether the applicant possesses the requisite capacity for repayment of the loan on the due date in addition to the instalment due from him in respect of his long term loan. On receipt of the Directors' report, the Committee of the Society shall scrutinise the application and the report and sanction or reject it on merits.

13. In cases in which the funds required for the grant of the short loan are to be obtained from the Central Bank, an application shall be made to the Bank in the accompanying form (No. III). The Bank, if satisfied that the application is in order in all respects, will remit the amount required by means of a cheque on the Bank of Mysore Ltd., if there is a branch of the Bank at the head-quarters of the Society, or a Remittance Transfer Receipt on the local treasury.

14. The Society shall be responsible to the Bank for the prompt payment on due dates of interest at the prescribed rate on the full amount advanced to it by the Bank -- whether such amount is actually utilised by it or not.

15. The Society shall take suitable measures to satisfy itself that the loan advanced by it is strictly and fully used for the purpose for which it was sanctioned. If the loan is not so used, the entire short loan shall be immediately recalled, and further action taken under rule 11 supra, if the short loan is not repaid by the applicant in full within a month after the receipt of notice recalling it.

17. A member, who once defaults to repay the short loan on the due date, shall not be eligible thereafter for any short loan.

17. A monthly statement showing all short term loans sanctioned by each Society and due from its members should be submitted to the Bank in the annexed form (No. IV).

=======

Secretary.

-5- RR/25-8-1937).

(FORM NO: I.)

Application for Short term loan.

Place:
Date:

To

The Secretary,
..... Land Mortgage Co-operative Society Ltd.,
.....

Sir,

I am a member of the Society holding ..... shares in it and have paid Rs. ..... towards its share capital. I have taken a long term loan of Rs. ..... in the year ..... I have been punctual and regular in the payment of my annual instalments.

I request I may be granted a short term loan of Rs. ..... for (a) the better cultivation of my lands, or/and (b) for current agricultural operations. The exact details of purpose and amount required for each item are noted below:-

The loan may be paid to me in one lump on ....., or in instalments of ..... on .....

I offer, as security for the loan, the crops and produce of all my lands including those mortgaged for the long term loan, out of the proceeds of which crops and produce I agree to repay the loan with - interest on ....., and also the instalment in respect of the long term loan on the due date viz., ... If I fail to so discharge my liabilities on the due dates - either partly or fully - or if I do not use the short loan for the purpose for which it is sanctioned, both the long term and short term loans may be recovered from me according to rules.

I have read the rules/had the rules read over to me, and I have understood them, and I agree to abide by them.

Yours faithfully,

Witnesses:

1. .....
2. .....

Address:- { Signature.

This application is referred to Messrs: ....., members of the Committee, for investigation and report in the enclosed form.

Date: Secretary.

Our investigation report on this application is forwarded herewith for disposal.

.....
.....

Date: Investigating Committee members.

Committee's decision:

(FORM NO: II).

Confidential:

..... Land Mortgage Co-operative Society Ltd.

Investigation Report on short term loan application No: .....
of Mr. .....

---

1. NEED FOR THE LOAN:
Is the loan really needed for the purposes mentioned

mentioned in the application, and does he deserve the loan for the purpose? This question should be answered after inspecting the lands to see that the purposes - mentioned are true.

2. AMOUNT REQUIRED:

What is the amount required for each purpose? How much of it can be met by the applicant himself and what is the minimum that may be required for the purpose?

3. PAYMENT OR PAYMENTS - WHEN REQUIRED.

When will the amount be actually required? If you recommend the loan, should it be paid in a lump or in instalments? If in instalments, the amounts and dates when required may be mentioned.

4. REPAYING CAPACITY:

Does the applicant possess sufficient repaying capacity to meet both this loan and the long term loan on due dates? Please note after careful scrutiny his gross income from all sources (to be detailed) and his total expenditure (giving details) and minimum savings that may be expected.

5. RECOMMENDATION:

Do you recommend the loan being sanctioned? Please mention any other matter you consider necessary.

D-ate: .....) Investigators.
.....)

(FORM NO: III.)

Application for funds for Short term loans.

Place:
Date:

From

The Secretary,
The ..... Land Mortgage Co-operative Society Ltd.,

To .....

The Secretary,
The Mysore Central Co-operative Land Mortgage Bank Ltd.,
Bangalore City.

Sir,

This Society holds .... shares in the Bank and has paid Rs. ..... towards its share capital. It is at present indebted to the Bank by way of Principal of long term loans sanctioned and disbursed to the - members of this Society to the extent of Rs. .....'. The Society has been regular and punctual in the payment of instalments due by it to the - Bank in respect of the long term loans.

2. The Committee, after due enquiry and after satisfying themselves about the need for short loans and the repaying capacity of the borrowers, have resolved on ..... to sanction short loans to the - extent of Rs. ..... as detailed below:-

Sl.No	Name of member	Amount of short loan applied for	Amount of short loan sanctioned	Date or dates of repayment	Remarks as to the dates on which - amounts are requir-ed by the Society.
		Rs.	Rs.		

Of the total amount sanctioned, a sum of Rs. ..... can be met by the Society out of its available share capital. The balance of Rs. ..... may be kindly advanced by the Bank, which the Society undertakes to repay with interest within a week after the date on which the loans are due to be repaid by its members.

Yours faithfully,

Secretary.

(FORM NO: IV.)

..... Land Mortgage Co-operative Society Ltd., ...

Monthly statement of short term loans sanctioned by the Society and due from its members.

Sl.No.	Name of loan-holder.	Amount of loan sanctioned Rs:	Amount paid. Rs.	When due to be paid	Date of repay-ment.	Amount repaid. Rs.	Balance due. Rs.

--:ooOoo:--

T.V.L./25-8-37.

DMO 4631
Cs. 11-36

Extract of letter dated 22/7/36 from the Registrar Co. on the question of the issue of short term loans.

I have already in my letter No 1663 dated 15/7/35 given my opinion that when a L.M. Bank has already lent money on the security of lands it should also make other advances for cultivation purposes etc. For the reasons stated in that letter this seems to be essential reference is also made to my letter No 4903 dated 21/7/36 wherein a copy of the resolution of the Provincial Co-op Council was sent. This matter was also discussed at the Conference of the L.M. Societies when the President of the L.M Bank said that the Bank had no objection to the grant of short term loans by the Societies from their Liability share capital to their indebted members who were regular in the payment of their annual loan instalments and that the Bank would consider the question of advancing from its share capital the funds required for the grant of such loans by such of the Societies as were regular and prompt in the payment of their loan instalments.

I have to add that the primary Societies will not be in a position to make these advances as suggested by the President L.M Bank unless they are financed for this

purpose by the latter institution which is quite capable of doing it. Besides the debentures which the Bank had raised and can further raise for the issue of long term loans it has now a paid up share capital of Rs 629 70/- which will be further increased with each new loan granted by 1/20 of that amount. These loans are not redeemable within 10 years from the date of subscription and are thus easily available for the issue of short term loans. Of further funds are needed which seems rather a remote contingency, the L M. Bank can with its position and financial stability easily find them from deposits or by opening a cash credit account with the Provincial Bank. As explained in my letter above alluded to, the primary needs are duly safeguarded.

Appendix F G—1]

SUBJECT .....

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Section - 61

File No. 11-36

Serial No.

Diary No. of letter replied to.....

No.

To

The Registrar Co.

Sir

With reference to the correspondence ending with your D.O. letter No 4642 of the 27th Nov 1937 forwarding for information a set of rules adopted by the Central L.M. Bank for the issue of short term loans. I am directed to state that Govt consider that the following amendments may be made in the rules framed by the Bank to make the rules clear and to request you to kindly ascertain whether the Bank is agreeable to adopt the amendments suggested herein and intimate the final to Govt

General and Revenue Secretariat

( )

the *193* .

Date of issue.....

Signed by .....

List of enclosures.....

Copied by .....

Examined by.....

at an early date

1) Add words "which ever is less" after the word "year" at the end of rule 3

2) After the word "repairs" in full with line 1 of
without in Rule 8 add the words
"not later than"

3) ~~Effective~~ Between the words "such other"
and "date" in line 2 & 3 in Rule 8

add the word "earlier"

The rules as proposed to be amended are attached for ready reference
& proposed to be amended are attached for ready reference
I have etc

Secy. L.S.G.

18/11

Rules as they are at present.	Rules as proposed to be amended
3. The minimum and maximum amount of short term loans to be granted to any one person shall be Rs.30/- and Rs.500/- respectively and the amount of loan sanctioned shall not exceed in any case 10% of the long term loan sanctioned to him or half of the estimated value of the crop for the year.	3. The minimum and maximum amount of short term loan to be granted to any one person shall be Rs.30/- and Rs.500/- respectively and the amount of loan sanctioned shall not exceed in any case 10% of the long term loan sanctioned to him or half of the estimated value of the crop for the year whichever is less.
x x	x x
8 The loan shall be repaid in full with interest on the date on which the instalment in respect of the long term loan is due or on such other date as may be prescribed by the Society with due regard to the circumstances of each case.	8. The loan shall be repaid in full with interest not later than the date on which the instalment in respect of the long term loan is due or on such other earlier date as may be prescribed by the Society with due regard to the circumstances of each case.